SUPPORTING STATEMENT
"FORMS RELATING TO PROCESSING DEPOSIT INSURANCE CLAIMS"
OMB No. 3064-1043

INTRODUCTION

The FDIC is requesting OMB approval to revise the information collection system captioned above. This collection of information provides the data needed by the FDIC to pay insured claims of failed bank depositors. The current clearance for the collection expires on July 31, 2011. There is no change in the method or substance of the collection. However, the FDIC proposes to combine its existing Declaration for Testamentary Deposit (Single Grantors), Form 7200/03, and Declaration for Testamentary Deposit (Multiple Grantors), Form 7200/09, resulting in elimination of Form 7200/03 and creation of a new Declaration for Testamentary Deposit, Form 7200/09. In addition, the FDIC proposes to separate the information currently collected on its Declaration for Trust, Form 7200/05, to collection of the information on two forms: a revised Form 7200/05, newly titled "Declaration for Revocable Trust," and a new Form 7200/18, Declaration for Irrevocable Trust. None of these changes have an impact on burden.

A. JUSTIFICATION

1. Circumstances and Need

When an insured institution is closed by its primary regulatory authority, the FDIC has the responsibility to pay the insured claims of the failed bank depositors pursuant to Federal Deposit Insurance Act (FDI Act) section 11 (a) and (f), 12 U.S.C. 1821 (a) and (f), and the FDIC's regulation "Deposit Insurance Coverage," 12 CFR Part 330.

Generally, deposits are insured to a maximum of $250,000. This maximum coverage is based on "ownership rights and capacities." All deposits that are maintained in the same right and capacity are added together and insured up to $250,000 in accordance with the regulations relating to deposit insurance of that particular deposit insurance ownership category. Deposits held in different ownership categories are eligible for $250,000 coverage per category. For example, as a general rule, single-ownership accounts are separately insured from trust accounts held for qualified beneficiaries.

At the time of closing, the FDIC is provided information about customer accounts through the failed institution's records. Based on the institution's records, the FDIC makes preliminary determinations about insurance coverage for each depositor. Depositors initially deemed to be uninsured because their deposits are over $250,000 may be qualified for additional insurance coverage if they can provide documents certifying to the existence of varying ownership rights and capacities.

a. **General Deposit Accounts.** The forms, declarations, and affidavits in this collection facilitate customers providing the FDIC with the information that may permit a more comprehensive deposit insurance determination.

b. **Deposit Brokers.** A failed institution's account records may not reveal the actual owner(s) of a particular deposit account. Rather, the account records may indicate that the deposit was placed at the institution by a deposit broker on behalf of one or more third parties. In some cases, the broker's customer may not be an actual owner of the deposit but merely a "second-tier" deposit broker with its own customers. In turn, these customers could be "third-tier" deposit brokers with their own customers. Deposits held in the name of a deposit broker on behalf of clients are covered by federal deposit insurance (up to the $250,000 limit) the same as if the broker's clients had deposited the funds directly into the institution (assuming that the clients are the actual owners of the deposit). This is called "pass-through" deposit insurance coverage.

In order to analyze ownership interest and provide pass-through insurance coverage, the FDIC must obtain certain information from both first and lower-tier deposit brokers: (1) evidence that each deposit broker is not an owner but an agent or custodian with respect to some or all of the funds at issue; (2) a list of all parties for whom each deposit broker acted as agent or custodian; and (3) the dollar amount of funds held by each deposit broker for each such party as of the date of the depository institution's failure.

2. Use of the Information Collected

a. **General Deposit Accounts.** The FDIC Division of Resolutions and Receiverships uses the information collected to supplement the failed institution's records to make determinations with respect to applying the Deposit Insurance Rules and Regulation and expedite the payment of insured deposits to the depositors of failed institutions.

b. **Deposit Brokers.** For each deposit broker account, the first tier broker provides the FDIC with the requested information about that account (i.e., the list of owners and amount of funds held for each such owner). To the extent that a deposit broker account contained money from sub-tier brokers, the lowest tier brokers provide information about their customers to the broker in the tier above them until the information reaches the first tier broker for that account. The FDIC does not accept documentation directly from a sub-tier broker because the FDIC's records will not show them as owners of the funds.

With the collected information, the FDIC identifies the actual owners of the account and the amount of each owner's interest. The FDIC then will aggregate each owner's interest with the same owner's other accounts (if any) at the same insured depository institution. For each owner, this aggregate balance will be subject to the $250,000 insurance limit.

3. Use of Technology to Reduce Burden

a. **General Deposit Accounts.** The forms are available on the FDIC's external web site for view and print capability.

b. **Deposit Brokers.** Brokers provide customer information via electronic file. In submitting customer information to the FDIC, a broker must complete certain forms ('Affidavits & Declarations'). The purpose of these forms is to assist the FDIC in determining the actual ownership of the deposit account at the insured depository institution. Also, these forms assist the FDIC in classifying an account. For example, the FDIC must distinguish 'single ownership accounts' from 'joint ownership accounts.' The forms may be printed from the FDIC's external website.

4. Efforts to Identify Duplication

The information collected does not duplicate information existing elsewhere.

5. Minimizing Burden on Small Entities

a. **General Deposit Accounts.** The forms have been designed to minimize burden on small entities, limiting the questions to those minimally necessary to obtain sufficient information to make insurance determinations.

b. **Deposit Brokers.** The FDIC must obtain the requested information from all deposit brokers in order to pay deposit insurance to depositors who are entitled to it. The burden on small deposit brokers as well as large deposit brokers is slight because the information requested by the FDIC is maintained by brokers in the usual course of business.

6. Consequences of Less Frequent Collections

The forms are required only when a FDIC insured financial institution is closed and deposit insurance is claimed by a depositor or on behalf of a depositor and additional information is needed in order to make an insurance determination.

7. Special Circumstances

This information collection does not present any special circumstances.

8. Consultation with Persons outside the FDIC

A first Federal Register notice was published on April 4, 2008 (73 FR 18529). No comments were received.

9. Payment or Gift to Respondents

No payments are made to respondents.

10. Confidentiality

The forms are subject to the normal confidentiality provision of the Freedom of Information Act and Privacy Act.

11. Information of a Sensitive Nature

None.

12. Estimate of Annual Burden

Burden estimate, combined deposit brokers and individuals. Frequency of response: occasional.				
Form Number	**Form Title**	**Hours**	**Respondents**	**Burden hours**
7200/04	Declaration for Public Unit Deposit	.50	500	250
7200/05	Declaration for Revocable Trust	.50	900	450
7200/06	Declaration of Independent Activity	.50	25	12.5
7200/07	Declaration of Independent Activity for Unincorporated Association	.50	25	12.5
7200/08	Declaration for Joint Ownership Deposit	.50	25	12.5
7200/09	Declaration for Testamentary Deposit	.50	1,500	750

7200/10	Declaration for Defined Contribution Plan	1.0	50	50
7200/11	Declaration for IRA/KEOGH Deposit	.50	50	25
7200/12	Declaration for Defined Benefit Plan	1.0	200	200
7200/13	Declaration of Custodian Deposit	.50	50	25
7200/14	Declaration for Health and Welfare Plan	1.0	200	200
7200/15	Declaration for Plan and Trust	.50	1300	650
7200/18	Declaration for Irrevocable Trust	.50	200	100
Subtotal			5025	2738 hours

Burden estimate, deposit brokers only.			
	Burden per response	**Number of responses**	**Burden hours**
Deposit Broker Submission Checklist	5 minutes	70	6
Diskette, following "Broker Input File Requirements."	The burden will vary depending on the broker's number of brokered accounts.		
	45 minutes	53 responses (75% of 70 annual responses)	40
	5 hours	18 responses (25% of 70 annual responses)	90
Exhibit B, the standard agency agreement, or the non-standard agency agreement.	1 minute	70	1
Subtotal			137 hours

Total burden estimate: 2875 hours.

Estimated cost. Only forms 04, 06, 07, 10, 12, and 14 are likely to be filled out by a person in a paid capacity. The estimated cost for completing those forms is $29,000. Calculation: $40 x 725 hours (250 + 12.5 + 12.5 + 50 + 200 + 200).

Estimated cost limited to deposit brokers. The FDIC estimates the annualized cost burden of this collection to be $4,932. Calculation: 137 hours x 80% x $40 / hour = $4,384 plus 137 hours x 20% x $20 / hour = $548.

An essential element of this collection is an electronic file from every broker that provides information about its customers and their accounts, including: each customer's name, address, tax identification number, ownership interest in the account, principal balance of the account and interest earned on the account. Deposit brokers maintain this information about their customers in the normal course of their business activities. Thus, the burden estimate is primarily the time required to format and report the information. The FDIC estimates that the time required to range from less than an hour for small, sub-tier brokers (about 75% of the 70 respondents) to 5 hours for a large, upper-tier broker (about 25% of respondents). Burden will vary depending on the number of failed institutions in a year and the characteristics of the failed institutions (e.g., how many brokered accounts were held at a failed institution).

a. <u>Capital, Start-up, Operating, and Maintenance Cost Burden</u>

None.

b. <u>Estimated Annual Cost to Federal Government</u>

5236 responses x .33 hours x $50/hour = $86,394.

c. <u>Reason for Change in Burden</u>

There is no change in burden.

d. <u>Publication</u>

The information collected will not be published.

e. <u>Display of Expiration Date</u>

The expiration date will be displayed.

f. <u>Exceptions to Certification</u>

None.

13. <u>STATISTICAL METHODS</u>

Statistical methods are not employed in this collection of information.